

## What could possibly go wrong?

### A special report on risk governance

Markets are buoyant. The US and many other countries keep on reporting surprisingly strong GDP numbers. Signs of inflationary build-ups are in effect non-existent in any economy of note. So, what could possibly go wrong?

Aside from the fact that it is always the last thing that anyone could have imagined that causes markets to crash there are quite a number of intractable problems staring the funds industry in the face at the moment.

Brexit is of course one of them. Leaving aside its economic impact, on the EU as well as the UK, it carries huge operational risk issues for many funds. Are boards up to speed on all that? For example, ESMA has warned that UK managers could find themselves cut off from the EU from next spring.

And the rise of protectionism in the US carries conceivable long-term operational risk issues (on top of all the well-publicised economic ones). For Cayman these issues could become existential one day. No one can be sure what the temperamental and notoriously thin-skinned US president and his administration might do next. More immediately Cayman and other offshore jurisdictions face the EU's blacklist threat.

This issue of The NED carries a special report on risk issues that most if not all fund boards face, to a greater or a lesser degree. [Starts on page 12 >>](#)

## Fund board ratings consultation

The NED has moved on to the second stage in preparation for its fund board ratings: the industry consultation period. We would like to hear from subscribers on the proposed criteria for determining these ratings. The following criteria listed here is for consultation purposes. The final and full list will be published in late September. The criteria selected so far are:

- Accessibility of information on board directors
- Remuneration of independents
- Experience/professional background
- Number of independents/NED to exec director ratio
- Risk oversight capability
- Diversity (background, experience, gender etc)

As regular readers will know The NED has sought out information on the composition of 2,191 fund boards, across multiple jurisdictions, over the first half of the year. [Continued on page 10 >>](#)

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**For more information, please e-mail [Tamara Sims](#)**

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